

These Bay Area cities saw the biggest rental price spikes over the past 2 years – and they're not San Francisco

Jan 10, 2019, 6:39am PST

San Francisco may have the most expensive rents nationwide, but some of its fellow Bay Area cities are closing the gap. Both East Bay and Peninsula cities experienced rents on the ups as new waves of residents and housing inventory came to town.

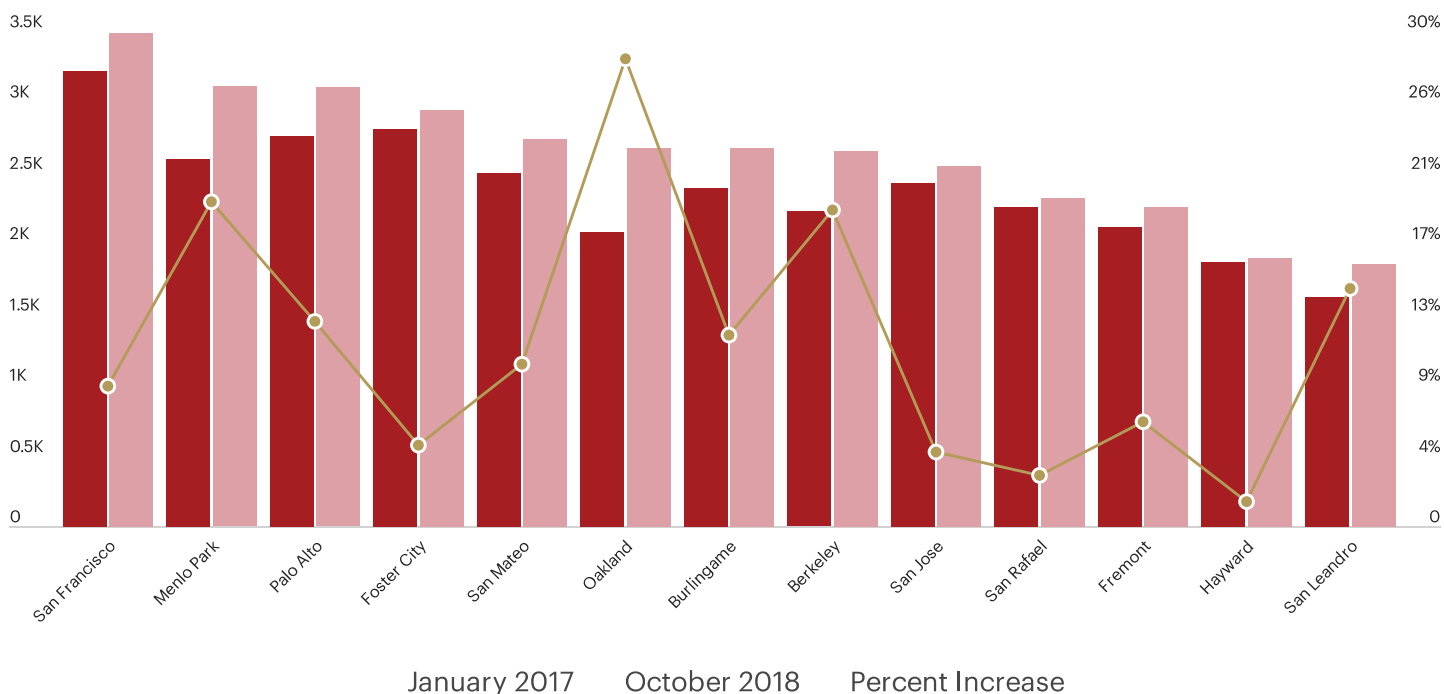
Across the bay in Oakland, a population spike — nearly 28,000 people between 2010 and 2017, according to U.S. Census data — among other factors, has pushed the city's median rent up nearly 30 percent for a 1-bedrooms in the past two years, Zillow estimates show. Over the past five years, estimates of overall rent hikes hover around 69 percent, according to HotPads, an apartment listings and research site.



SAN FRANCISCO BUSINESS TIMES

1-BEDROOM MEDIAN RENTS IN THE BAY AREA

While every city saw an increase to varying degrees, Oakland, Berkeley and Menlo Park saw the largest percentage spike in rental prices since the beginning of 2017.



SOURCE: ZILLOW

THE BUSINESS JOURNALS

Oakland's population bump is coupled with a persistent pipeline of new apartment unveilings after years of little or no housing development. City officials estimate there are nearly 8,700 homes under construction, the bulk of which are apartments.

"There's the short-term market and there's the long-term outlook," Simon Chen, Madison Park Financial's chief financial officer, recently told the Business Times. "In the Bay Area, we are still hilariously undersupplied from years of poor housing policy. Eight thousand homes won't solve the housing crisis in Oakland."

The Oakland-based development firm completed two projects last year, both leasing up in less than five months.

Nearby, Berkeley's prices are also rapidly rising, up 19 percent in the past two years for 1-bedroom median rents. The university town has long been starved for housing, with a constant influx of University of California, Berkeley students.

In August, a \$100 million project by Mill Creek Residential broke ground in Berkeley at 2133 University Ave. The 205 apartments, set to open in two years, are located about two blocks from both the university and the Downtown Berkeley BART station.

"Berkeley has a terrible need for housing, and it has for several decades now. This project provides a huge chunk of that housing," Mark Rhoades, a former consultant on the project, said upon the project's ground breaking. "It's really an amazing time for downtown Berkeley."

Down on the Peninsula, Menlo Park has experienced the biggest increase in rent price, with a median 1-bedroom leasing for almost 20 percent more than two years ago, according to Zillow. New apartment complexes within the past few years such as Greenheart Land Co.'s 195-unit apartment project at 777 Hamilton Ave. and Greystar's Elan, a 146-unit project, have been rapidly snapped up.

With millennials in particular flocking to the hometown of social media giant Facebook, which has added thousands of jobs to the city, these complexes were designed with working professionals in mind, with amenities including bike parking, a gym and saltwater pool and spa. At the Elan, when it began leasing in 2017, units were priced between \$3,330 for a studio up to \$5,250 for a three-bedroom.

"Despite a couple other developments under way, there remains an undersupply in the market due to the office boom and expansion of major employers," Andrew Morcos, development director for Elan Menlo Park, told the Business Times upon the complex's opening.

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